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DE RUEHKU #0373 0341456  
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P 031456Z FEB 06  
FM AMEMBASSY KUWAIT  
TO RUEHC/SECSTATE WASHDC PRIORITY 2818  
INFO RUEHZM/GULF COOPERATION COUNCIL COLLECTIVE PRIORITY  
RUEHLO/AMEMBASSY LONDON 1156

UNCLAS KUWAIT 000373

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LONDON FOR TSOU  
STATE FOR NEA/ARPI, EB/CIP/BA FOR ALAN GIBBS  
STATE PLEASE PASS USTR FOR PAUL BURKHEAD

E.O. 12958: N/A

TAGS: [ECON](#) [ECPS](#) [BEXP](#) [KU](#)

SUBJECT: MINISTRY OF COMMUNICATIONS EAGER TO RESOLVE AT&T  
DISPUTE

¶1. (SBU) Econ Counselor and Econ Officer met February 1 with Ministry of Communications (MoC) Acting Undersecretary Abdulmohsen Al-Mazaidi and Director of the Tariffs & International Accounts Department Mr. Adel Al-Dashti to discuss ways forward in resolving the long-standing billing dispute between the MoC and AT&T. Al-Mazaidi said that the MoC wanted to resolve the dispute as soon as possible and that it could not legally continue to carry the outstanding AT&T invoices on its books without resolution. He said that an MoC employee, Mr. Ali Al-Zaben, would be traveling to the U.S. in February to take part in TIFA discussions with USTR and would discuss the AT&T issue. He also said that an AT&T team was welcome in Kuwait "at any time" to resolve the issue, and suggested that a team come to Kuwait in April, or that the two sides meet during an ITU session in March in Doha.

¶2. (SBU) Responding to Al-Mazaidi's suggestion that Embassy might mediate the dispute, Econ Counselor noted that the Embassy fully supported the two sides in coming to a resolution of their differences, but could not act as judge or jury in the matter. We could, he explained, facilitate communication as much as possible and work to bring the two sides together.

¶3. (SBU) Al-Dashti said that he believes the dispute might stem from the late 1990's when AT&T and British Telecom (BT) created the "Concert" joint venture, and then later dissolved it. He surmised that the dissolution of that partnership might have precipitated the billing misunderstanding between MoC and AT&T. From 1998 to 2003, he complained, the MoC had tried to reach AT&T to resolve unpaid bills "on a weekly basis" but received no response. Finally, in 2003, the MoC was able to establish communications with AT&T but, according to Al-Dashti, AT&T did not have any records at all and asked the MoC to resend all of its records. Al-Dashti's colleagues in the International Accounts Department sent 500 pages of fax material to AT&T, he said.

¶4. (SBU) Al-Dashti next volunteered that there had been a misunderstanding concerning the November 2004 accounts settlement agreement that AT&T believed it had reached with the MoC through previous Undersecretary Hamed Khajah. Al-Dashti said that Khajah did not have the authority to make such an agreement, that not even the Minister has the authority to commit to any type of financial settlement with any company. Only the Audit Bureau, he explained, could negotiate financial settlements. Al-Dashti closed by reiterating his offer to meet with AT&T in Kuwait this April or in Doha in March in order to work towards resolving the long-standing accounts dispute.

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LeBaron